

## Remarks

This Amendment responds to the Office action mailed April 6, 2007. Applicant and the undersigned again thank the Examiner for the courtesy of agreeing to a telephonic interview on June 29, 2007. The substance of the interview is included in these remarks.

Claims 50 and 52 are canceled. Amendments to claims 105 and 107-109 (other than clerical changes) are discussed below. Applicant believes that these amendments will place the application in condition for allowance or in better form for appeal, and respectfully requests that they be entered.

No new matter is presented. Applicant reserves the right to present the canceled and the unamended claims in a further application.

### Section 101

The rejection of claims 50, 52, 105, and 107-109 under 35 U.S.C. § 101 is traversed.

Claims 50 and 52 are canceled.

Although believed unnecessary, to make more clear that the invention produces a useful, concrete, and tangible result, independent claims 105 and 108 have been amended. The claims now recite a computer-based system or a computer-based method “for issuing an interest-bearing instrument” rather than for structuring such an instrument. Relatedly, to make more clear that invention produces a repeatable or predictable result, the claims have been amended to recite “an agreement by the debtor and the creditor upon the principal size and the interest rate *chosen from* any possible combination or permutation of principal size and interest rate . . .” (emphasis added).

Furthermore, although it is also believed unnecessary, Applicant hereby certifies his intention, with the means-plus-function language in computer-based system claims 105 and 107, to invoke 35 U.S.C. § 112 ¶ 6.

Applicant believes that computer-based method claims 108 and 109 need no further amendment, but would be willing to consider amending those claims to recite step-plus-function language, and making an additional certification, should the Examiner so request.

In light of the foregoing, it is respectfully submitted that claims 105 and 107-109 satisfy section 101.

## **Section 112**

The rejection of claims 52, 107, and 109 under 35 U.S.C. § 112 ¶ 2 is traversed.

Claim 52 is canceled.

In claims 107 and 109, “a financial entity’s regulatory capital savings” has been changed to recite “the debtor’s or creditor’s regulatory capital savings.” This further clarifies the relationship between this aspect of dependent claims 107 and 109 and the elements of independent claims 105 and 108. Therefore, it is respectfully believed that claims 107 and 109 satisfy section 112.

During the interview, the Examiner indicated that the terms “allow” and “are allowed to be” in claims 105 and 107 might be unclear. The first has been changed to “incorporates” and the second to “are”. The Examiner also indicated that definitions of all the variables in the equation in claims 107 and 109 should be recited. Although Applicant respectfully submits that the claims were clear to those skilled in the art, Applicant has added definitions of the variables  $i$  (an incremental counter),  $t$  (an initial time), and  $T$  (a final time), and has spelled out RAM as Rate Accrual Mortgage.

## Section 103

The rejection of claims 50, 105, and 108 under 35 U.S.C. § 103(a) as obvious in view of King is also traversed.

Applicant appreciates the Examiner's withdrawal of the section 102 rejection in the October 23, 2006 Office action.

For the new section 103(a) rejection, the Examiner suggests that "the long term includes the time period from any time zero." (04/06/07 Office Action at 5.) Applicant respectfully submits that, compared with the limited teaching of King, and in the context of the present invention — without reading portions of the specification into the claims — those skilled in the art would recognize that "from any time zero" does not subsume the "long-term lending relationship[s]" and "long-term commitment[s]" to which King is constrained. (King at col. 10, lines 31 & 35.) Nevertheless, in view of the Examiner's comments during the interview and to facilitate examination, in claims 105 and 108 "from any time zero" has been amended to "unconstrained by time". Because "unconstrained by time" includes the concepts of both any initial time and any tenor, the term "any possible combination thereof" in claims 105 and 108 becomes superfluous and has been deleted.

The Examiner also suggests that, to distinguish over King, Applicant had pointed to features of the present invention that "are not recited in the rejected claim(s)." (04/06/07 Office Action at 8.) Although Applicant did refer, for example, to Equation (8) in the present application, that was merely to provide context for the term "sensitivity to parameter changes," which is indeed recited in claims 105 and 108. King teaches nothing regarding parameter-change sensitivity, such sensitivity has no place in the limited systems and methods that King discloses, and nothing indicates that an ordinarily skilled artisan would incorporate such sensitivity in a system or method according to King.

Another specific recitation in the present invention's claims — which distinguishes the invention's unconstrained nature from King's constrained disclosure — is the provision that "extension risk and credit risk . . . be completely subject to the creditor's and debtor's control." In contrast, King is constrained to accelerating an obligation under only two conditions: "if financed activity revenues permit or interest movements benefit acceleration." (King at col. 7, lines 8-9.) Nor does King suggest that the debtor's and creditor's complete control is accomplished "through a calculation of an agreement upon interest rates," as also specifically recited in claims 105 and 107.

Applicant therefore respectfully submits that independent claims 105 and 107 are clearly nonobvious over King, and thus addressing the Examiner's other arguments is unnecessary.

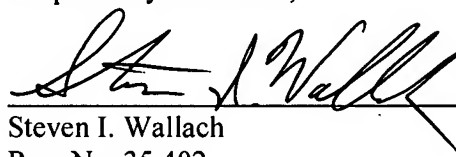
Given the allowability of the independent claims, dependent claims 107 and 109 are also allowable. In addition, nowhere does King remotely suggest calculating a debtor's or creditor's regulatory capital savings in any way, much less doing so using the particular equation recited. King therefore neither anticipates nor renders obvious amended claims 107 and 109.

In view of the foregoing, it is respectfully believed that claims 107 and 109 satisfy section 103.

This application is believed to be in condition for allowance and a notice to that effect is respectfully solicited.

No fee is believed due. If any fee is required, please charge Deposit Account No. 50-0979.

Respectfully submitted,

  
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